

I oppose this merger for its anti competitive harms and harm on consumers as I have mentioned in past filings in this docket. Here's some info stating that AT&T wanted to keep the merger proposal a secret until it was ready to announce it to help them minimize the chances of the merger being rejected as it should be and opponents getting an upper hand.

The former Baby Bell, which built itself up through a decade of acquisitions into the country's largest telecommunications company, was planning to buy T-Mobile USA, a deal that would test its skilled regulatory team in Washington.

The combination would bring together the second and fourth largest U.S. wireless operators by revenue, creating a giant in an already concentrated market. People familiar with the matter said AT&T executives, fearing a leak could build regulatory opposition even before the two sides agreed on a deal, kept the number of banks involved strictly limited for weeks. It leaned on J.P. Morgan Chase & Co. alone to provide a \$20 billion loan.

In the end, the secret held, ushering in a \$39 billion acquisition that is as much a wager on the political environment in Washington as it is a bet on the future of the wireless market.

The deal comes as the Obama administration has signaled it will police mergers more aggressively than the prior Republican administration. The Federal Communications Commission, which also can effectively veto the deal, is wrestling with how to widen access to mobile broadband services and preparing to issue a report that raises fresh concerns about competitiveness in the wireless market.

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Working in AT&T's favor is a long history as one of the top-spending lobbying operations and campaign contributors in Washington, ties to influential lawmakers and policy makers in both parties, and the backing of the Communications Workers of America, the union that represents thousands of AT&T workers.

Since 1989, AT&T has been the top corporate donor to members of Congress, shelling out more than

\$46 million in campaign contributions to both Republicans and Democrats, according to the Center for Responsive Politics.

Last year, the company spent \$15.4 million on lobbying in Washington. It had 93 lobbyists working on its behalf, federal lobbying records show.

Ripple Effects

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AT&T, T-Mobile would create the nation's largest wireless carrier.

Still, the head of the Justice Department's antitrust division, Christine Varney, promised early in her tenure to more aggressively review mergers to assure they don't hurt competition. Before taking her current job, Ms. Varney was a partner at the law firm Hogan & Hartson and specialized in technology antitrust matters.

So far, the Obama Justice Department hasn't blocked a large, high-profile deal outright. Two controversial deals? Ticketmaster's acquisition of Live Nation Inc. and Comcast Corp.'s purchase of NBC-Universal? were both allowed to proceed, albeit with significant conditions.

Antitrust lawyers say AT&T's bid is riskier, because it is largely a "horizontal" deal in which a company buys a direct competitor. The deals for Live Nation and NBCU involved companies operating at different stages of the distribution chain.

The deal faces a "massive regulatory review," said John Briggs, an antitrust lawyer at Axinn, Veltrop & Harkrider. He gave it "a 50-50 chance of not getting through." A Justice Department spokeswoman declined to comment.

The battle to approve the deal will be fought city by city, antitrust lawyers say. More than half the markets mapped out by the FCC in 2008 count as "highly concentrated" by regulatory standards? meaning a handful of providers control most of the customers. Several of those areas include cities that cover large populations like Detroit, Cleveland and Pittsburgh.

To judge the level of competition in a market, antitrust enforcers look to something called the Herfindahl-Hirschman Index, which puts a numerical score on the distribution of customers among competitors.

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Associated Press

AT&T kept talks quiet. Above, Monday's press event in New York.

A market split between just two competitors would score 5000. The FCC closely scrutinizes deals that would concentrate markets rated 2800 or higher; the Justice Department and Federal Trade Commission sets a tougher standard of 2500.

A number of big cities ranked in that trouble zone, according to the FCC data. The Cleveland area

scored 3773. Boston came in at 2800. Smaller but not tiny cities like Little Rock, Ark., scored 4210. Baton Rouge, La., came in at 4999.

Under FTC and Justice Department federal guidelines updated last August, mergers that would result in an increase of 100 points to an area's index score could "raise significant competitive concerns and often warrant scrutiny."

Journal Community

AT&T argues consumer prices have fallen despite consolidation. It says 18 of the top 20 markets have at least five competitors. D. Wayne Watts, general counsel for AT&T, said Monday that regulators should look at the number of options a consumer has in a market.

AT&T has the ability to secure hot devices like the iPhone, however, and regulators won't necessarily count all competitors the same. "The notion that the government is going to assign equal market share to all the participants would not be consistent with past practice," said Kevin Arquit, a partner with the law firm Simpson Thacher & Bartlett LLP, who specializes in antitrust law.

AT&T Chief Executive Randall Stephenson engaged lawyers to do a market-by-market analysis of where the overlap with T-Mobile was the largest and concluded the antitrust risk was bearable, because the carrier is willing to make "substantial" divestitures, a person familiar with the matter said. The company feels it might have to give up subscribers in markets where there are only four competitors, as opposed to markets with five or more, the person said.

Mr. Stephenson was personally involved in studying scenarios of divestitures and anticipating regulators' questions, the person said, and was determined that regulators didn't get time to form their opinions based on media stories before AT&T was ready to announce the deal.

AT&T was encouraged when the Obama administration cleared the Comcast-NBC merger, because it felt regulators weren't about to blanket-ban big mergers, people familiar with the matter said.

The carrier is confident enough that it agreed to pay a \$3 billion "breakup fee" and hand over spectrum rights to T-Mobile USA parent Deutsche Telekom AG if it has to abandon the purchase.

Those concessions helped seal the deal, people familiar with the matter said.

AT&T has a track record of securing approval for big controversial mergers?including the \$85.8 billion takeover of BellSouth in 2006. To win BellSouth, AT&T agreed to not discriminate among users of its Internet lines for two years and accept price controls on large-capacity data lines rented by competitors for up to four years.

FCC merger reviews of deals this size can take upwards of a year to complete. The Justice Department's antitrust division will review the deal simultaneously. In addition, Sen. Herb Kohl (D-Wisc.) and Rep. Lamar Smith (R-Texas) plan to hold hearings on the consumer and market impact of the deal.

AT&T's Washington office is run by Republicans, but the company has established close relationships with FCC Chairman Julius Genachowski and members of the Obama administration.

The head of AT&T's Washington office, James Cicconi, served as a key ally to Mr. Genachowski

during the contentious debate last year over new "net neutrality" rules the agency imposed on broadband providers. An FCC spokesman said Mr. Genachowski had no comment on the pending transaction.